Long-Term Care Policies in Michigan

The following coverage provisions are required to be included in all long-term care policies sold to Michigan residents:

Some companies offer long-term care policies that provide *only* for home health care or *only* for facility care. A policy sold as a long-term care policy must provide home health care benefits at a minimum coverage amount of one-half (50%) the coverage amount of nursing home care. For example, if a long-term care policy provides a coverage amount of $100.00 per day for nursing home care then that policy must provide a coverage amount of a minimum of $50.00 per day for home care. The policy must also include intermediate and basic care in a coverage amount not less than the amount of coverage for skilled care. Intermediate/basic/custodial nursing care is care that includes assistance in activities of daily living that can be provided by persons without medical skill in a licensed intermediate or skilled nursing care facility. Skilled care is care that requires daily attendance, monitoring, evaluation and/or observation by licensed health personnel in a licensed skilled nursing care facility.

The policy cannot limit or exclude coverage due to any illness, any health care provider, any geographical location (with the exception of Mexico and Canada), any treatment, medical condition or accident. The only exception to this provision is the necessity of long-term care as a result of an automobile accident, in which case the individual's no-fault auto insurance provision would become effective.

A thirty (30) day period must be provided as a "free look" period and if an individual decides they do not want the policy, they are under no obligation and will receive a total refund of any premiums they paid.

The policy must be a guaranteed renewable policy although the premium rate is not guaranteed.

The company may offer an optional inflation protection rider. However, the company is required to offer an optional inflation protection rider at the rate of five (5%) percent compounded annually. The company can charge an additional premium for the inflation protection rider.

A company, which previously offered group employees a long-term care policy but then, terminates the benefit, must offer employees individual long-term care coverage with similar benefits of the prior group coverage.

If an individual cancels their policy, the company must provide a pro-rated refund of premiums paid for the current year.

If issued after June 2, 1992, a policy cannot require prior hospitalization as a provision before paying benefits.

The policy can limit coverage for pre-existing conditions, mental or nervous disorders, alcoholism or drug addictions and illness arising from war/armed forces, illegal activities and suicide. However, Alzheimer's or related diseases cannot be excluded from coverage.

Shopping Tips

- Check your current life insurance policy to determine if your life insurance policy contains any provisions that may offer long-term care options.

- A long-term care policy is an insurance product and should not be viewed as a savings program and should not be confused with estate planning.

- Michigan does not license assisted living facilities so make certain your policy does not specify benefit payments only for "licensed facilities." If the policy does contain this provision, before purchasing the policy, obtain in writing from the company that the company waives this requirement as related to Michigan residents.

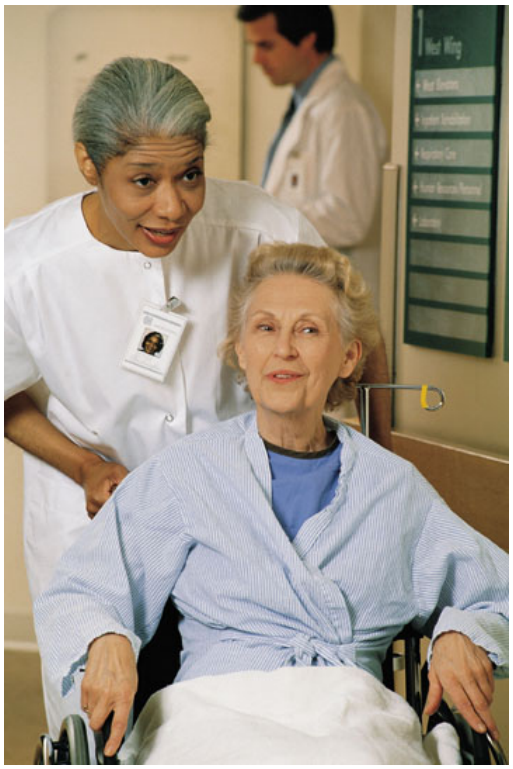
- Compare coverage provisions and prices through several agents and companies. Competition is a consumer's best tool to secure the lowest premium rate.

- Take your time, ask questions of your agent and do not be pressured. Don't be misled by advertising and don't be misled that your medical history doesn't matter because it does. A physical will more than likely be required and there is nothing in the law that limits how far back in an individual's medical history a company can review.

- Never pay an agent in cash. Your check should be made payable to the company issuing the long-term care policy.

- If you do not receive your policy within sixty (60) days, contact the company directly.

- Understand what "benefit triggers" the company will apply to determine when you become eligible for your benefits. This information can usually be found under the section in the policy entitled "Eligibility for the Payment of Benefits" or "Eligibility for Benefits."



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